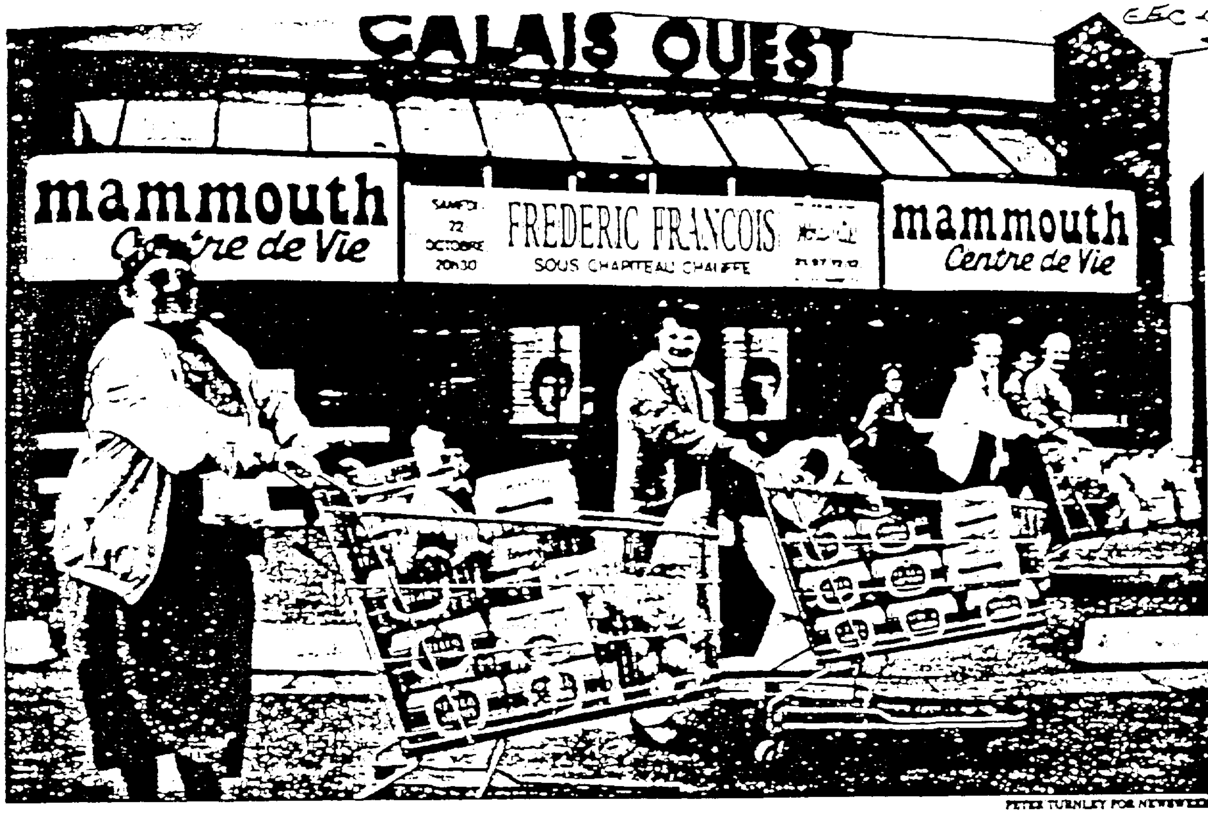


PETER TURNLEY FOR NEWSWEEK

Buy it while you can: *British day-trippers stock up during a cross-Channel shopping spree in the French city of Calais*

Who's Afraid of 1992?

Europe's economic revolution will produce losers as well as winners

BY SCOTT SULLIVAN

Andre Ferré worries full time about the year 1992. As the owner of a small but prosperous horticultural firm in Brittany, he foresees that Spanish nurseries will flood the French market four years from now with good, and inexpensive, stocks of fruit trees. "If our government doesn't do something to help," he says, "our profession could be wiped out." As mayor of Asserac, a village of 1,132 inhabitants on Brittany's rugged south coast, Ferré also fears that his village may miss out on the boom in the European tourist trade that should come after 1992. "If Asserac has clean beaches, if we can build tennis courts and provide horseback riding for our visitors," he says, "we will thrive. If not, we will remain a backwater forever."

To Ferre and countless other Europeans, "1992" means nothing less than the start of a new world. Just one year ago, the European Community's plan to initiate a "single market" by Dec. 31, 1992, remained a vague and not-quite-credible notion. Within the last few months, however, "1992" has caught the popular imagination. It has accelerated hundreds of European mergers and acquisitions. It has spawned seminars and discussion groups. It dominates dinner-party debates between "Euro-fanatics" eager for a stronger, more united continent and opponents wary of ceding economic power to the "Eurocracy." Millions of Europeans and all the Community's trading partners now realize that the single market will revolutionize the European scene—and it will produce losers as well as winners.

Doubts and concerns about 1992 are now bursting into the open. In a speech in Belgium late last month Britain's Prime Minister Margaret Thatcher attacked the Community's executive commission for seeking a massive transfer of sovereignty from national capitals to Brussels, where the European Community maintains its headquarters. French Prime Minister Michel Rocard said that harmonizing European consumer taxes, which the Commission claims is essential for a single market, would "pauperize the [French] state." Karl Otto Pöhl, president of West Germany's Bundesbank, came out against the creation of a European Central Bank.

J. LANGEVIN—SYGMA

Ready for a grand debate: *Thatcher and Mitterrand*

2025865377

CIOT—COLLECTIF-JB PICTURES

The elusive dream of a continent without borders: *Farmers in southern France destroying lower-priced fruit imported from Spain*

has gained permission to protect itself against small color-TV sets imported through other European countries. A bitter argument is currently raging in Brussels about how much "European content" there must be in a given product for it to count as "European." The United Kingdom contends that a Nissan car produced in England with 60 percent English-manufactured components should benefit from all the advantages of a free internal market. The French government, along with Renault and Fiat, claim that any car with more than 20 percent of its components from outside the EC should be taxed as if it were foreign.

This kind of debate, with its protectionist overtones, has produced something resembling panic among Europe's trading partners. "European businessmen don't want to lose the gains they have already made," says Alfred Kingon, the American ambassador to the Community, "and that means they have to keep out third-country imports." Kingon and other third-country representatives have mounted an energetic lobbying and public-relations campaign to keep the European market open. The Japanese are worried that low quotas for Japanese cars in some EC countries—3 percent of the market in France, 3,500 a year in Italy—may spread to the community as a whole. Europeans like the Swiss and the Swedes, who are not members of the Community, are concerned that the virtually free access to the Community market that they have at this time may be curtailed after 1992. A report earlier this year from the Federation of Swedish Industries predicted that the single market "will negatively affect Sweden's whole industrial structure and economic growth—and, therefore, living standards." Delors, the Commission president, fanned foreign fears when he said recently: "We are not building a single market in order to turn it over to hungry foreigners."

For the United States, a key issue is the future shape of Community-wide banking regulations. The Commission's buzzword for relations with foreign countries is "reciprocity," a principle that sounds fair enough but one that could spell disaster for American banks and businesses. If the reciprocity concept is narrowly defined, the Europeans could refuse to allow U.S. banks to operate in more than one Community country—because American law limits both native and foreign banking activity when it crosses state lines. The fear is that one Greek bank, for example, could ruin the financial arrangements of the Western world if it applied to operate in both New York and Los Angeles, was refused, then decided to push the "reciprocity" argument to its limits. Specifically, the Greek bank could file a complaint against the United States and prevent the establishment of any further American banks *anywhere* in the Community—not just in Greece.

Most Community officials discount such fears. "The idea of a Fortress Europe is simply absurd in our view," says Horst G. Krenzler, director general of the EC's external trade division. "A third of our salaries depend on trade." Edith Cresson, France's minister for European affairs, objects when she hears foreign criticism of the 1992 project. "We are not building Europe *against* anybody, including the United States," she says. "I want the Americans to know they are free to do

The Cost of Cigarettes

PRICE OF MARLBORO CIGARETTES, PACK OF 20, IN DOLLARS	
Denmark	$3.62
United Kingdom	2.61
West Germany	2.14
Italy	1.98
Netherlands	1.77
France	1.57
Spain	1.48

2025865383

an elusive dream—of a European federation. Even pan-Europeanists who disagree with Thatcher admit that her speech in Belgium helped to clarify matters. "Everything is out in the open now," says Peter Ludlow, director of the Centre for European Policy Studies in Brussels.

Foot dragging: French President François Mitterrand pictures himself as a far more convinced and energetic "European" than Thatcher. But French foot dragging on some practical points could delay the 1992 project as much as Britain's ideologically driven opposition. Of all the problems facing the Eurocrats, the toughest is that of harmonizing value-added and excise taxes in the EC countries. At present, consumption taxes vary enormously among the member nations. A bottle of whisky is taxed 36 times as heavily in Denmark as in Greece. Books, food and baby clothes are not taxed at all in Britain. In France, consumers pay a 28 percent "luxury tax" on new automobiles.

ORTEGA—REUTER POPPERFOTO

Special interests: *Pig farmers protest low prices in Madrid*

France and the Brussels Commission disagree on how to bring those differing rates into line, and how quickly to do it. The Commission argues that once frontier barriers are abolished, widely differing rates will cause economic chaos. Crowds of Danish shoppers will cross the German border to buy goods that have lower taxes than they would at home. French consumers will continue to buy their cars in Brussels, as many do now; they can save $1,600 on the price of a Citroën Visa, for example, which lists at $9,000 in Paris. Ever larger contingents of British day trippers will troop to Calais and Dunkirk on cheap cross-Channel excursions to load up on cigarettes and booze. Across Europe, low-tax countries will prosper; businesses in high-tax countries will go under.

Despite such cries that chaos will occur, French Prime Minister Rocard argues that the only other big source of government revenue—income taxes—is "increasingly and justifiably ill accepted by public opinion." He describes the complex value-added tax as "the only revenue source with a future." He has served notice that he will fight the current Commission proposal for two uniform ranges of VAT—a 4 to 9 percent range for basic necessities such as food and heating oil and a 14 to 20 percent range for other products. French officials calculate that it would cost their government almost $10 billion a year if there were uniform VAT rates. (The Eurocrats counter that argument with the claim that France would gain almost as much by raising its low taxes on cigarettes, liquor and wine.)

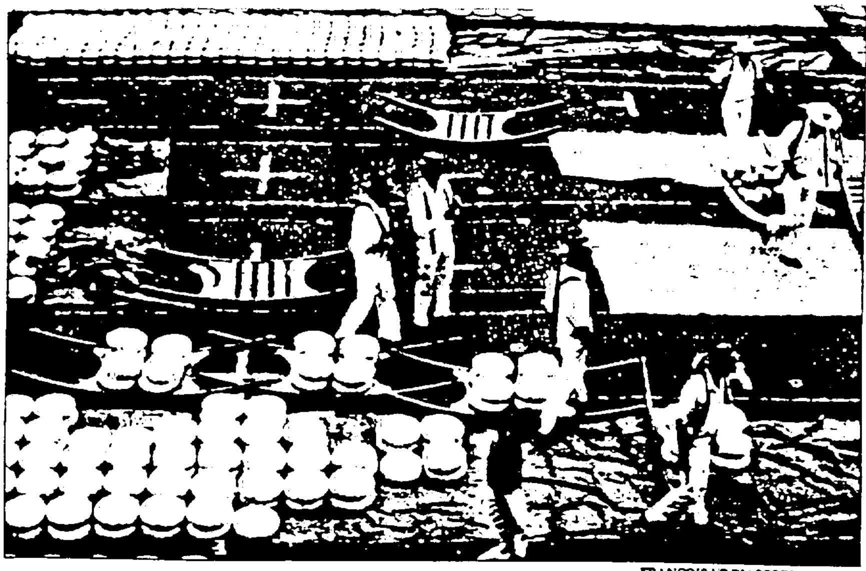
A complicated picture: The British and French, who are so often on opposite sides of European issues, are allies on this one. The main reason that the United Kingdom opposes uniform value-added taxes is that it would mean that food, books and baby clothes, which account for about 30 percent of Britain's retail trade, would now be taxed. Ireland and Denmark both derive a large share of their revenue from indirect taxes, and so they both oppose any drastic tax harmonization. To complicate the picture further, the English and Danes insist on maintaining high cigarette and liquor taxes—claiming that the danger to their citizens' health is the reason. Greece, Italy and Spain want to keep those same taxes low, to please winegrowers as well as consumers.

An equally thorny issue that Europe must tackle on the road to 1992 is how—and whether—to provide a special statute for "European companies." For decades European businessmen have urged the cre-

KOCH—CONTRASTO-PICTURE GROUP

Threatened economies in Europe's Mediterranean sun belt: *Sicilian job-seekers throng an unemployment agency in Palermo*

2025865380



FRANCOIS LE DIASCORN—RAPHO

A gain for consumers throughout the Community: *Dutch cheeses being readied for market*

ation of a formula that would allow Euro-multinationals to operate all their subsidiaries under a single body of commercial law. European labor unions see a standard company law as a heaven-sent opportunity to broaden and extend employees' rights throughout the Community. Ideally, they would like to have the new law modeled on West German labor law, under which workers have a right to elect between one third and one half of the members of their companies' supervisory boards.

Predictably enough, Thatcher dismisses the idea as Utopian "social engineering." By contrast, the socialist French government supports the European Commission's proposal for a strong company law along West German lines. Zygmunt Tyszkiewicz, general secretary of the European federation of employers' groups, supports the general idea of a company law, but says that the one now under consideration "is being made for the wrong reasons. It should be driven by the need for an open market, not by extraneous social considerations."

Worker guarantees: The issue is sure to be passionately divisive. "There will be no single market unless it has the backing of the workers," warns Ernst Breit, leader of the federation of West German labor unions. On the other side of the argument, Thatcher and her allies will never accept a wholesale extension of West Germany's *Mitbestimmung* ("codetermination") process. The Commission has already hinted that it will compromise with a law that guarantees workers full information on major company matters and the right to advise, but not vote, on important company decisions. But even that may be too much for European conservatives to swallow.

Closely related to the problem of work-

The Americans and 'Fortress Europe'

Business is booming these days for John Meyer, an American management consultant in Düsseldorf—but he isn't happy about it. For 26 years Meyer has been an adviser to U.S. multinational firms in West Germany. Now, as Europe races to knock down remaining barriers to a true common market, many of his clients are running scared. "I don't like the way things are going at all," he says. "There's a real danger that Europe will become significantly more protectionist after 1992. As the walls go up, U.S. companies will be frozen out."

To many Americans, the edifice that Europe's master builders call "1992" looks more like "Fortress Europe." Businessmen and U.S. officials in Washington worry that a new "Europrotectionism" will emerge in 1992 along with a unified market. "My European counterparts say, 'No, no, a thousand times no—we have no desire to be protectionist'," says U.S. Trade Representative Clayton Yeutter. "Unfortunately, bureaucrats [at the European Commission headquarters] in Brussels are drafting regulations that move in a counterdirection." Says Meyer: "With 1992, trade disputes will be enormously magnified. The prospect is for feuding trade blocs—the United States against Europe, the Europeans versus the Japanese. Businessmen will be caught in the middle."

Those worries may be exaggerated. By and large, American multinationals that are well established in Europe will enjoy the same bright prospects for growth as the Europeans themselves. "I don't see any threat at all," says Ursus Jaeggi, a senior executive for Du Pont Co. in Geneva. "A barrier-free Europe will be more prosperous and we will benefit." Pierre Lougins, a vice president of Monsanto Europe—Du Pont's giant rival—is also optimistic. "We sell products manufactured exclusively in Europe," he says. "We needn't worry about import barriers."

Some American companies go so far as to suggest that, after 1992, they will dramatically enlarge their share of the European market, if not dominate it. Ford Motor Co. of Europe has concluded that 1992 is a heaven-sent opportunity to beat the foreign competition. "It will enormously simplify our business," explains Jan Candries, Ford's director of European affairs in Brussels. For example, to sell a truck within the European Community at the moment, Ford must meet dozens of separate standards—all varying from country to country. These regulations govern everything from the width of the vehicle's headlights to the length of its wheel base. "Harmonizing" these differences into a single Europewide

ED KASHI

A transatlantic investment rush: *Producing a silicon wafer*

another pet Commission project. His reason: a formal Eurobank would erode the near-imperial authority that the Deutsche mark and the Bundesbank now exercise over European monetary affairs. American trade officials, who worry that Europe after 1992 may become more protectionist than ever, started referring to the coming internal market as "the infernal market."

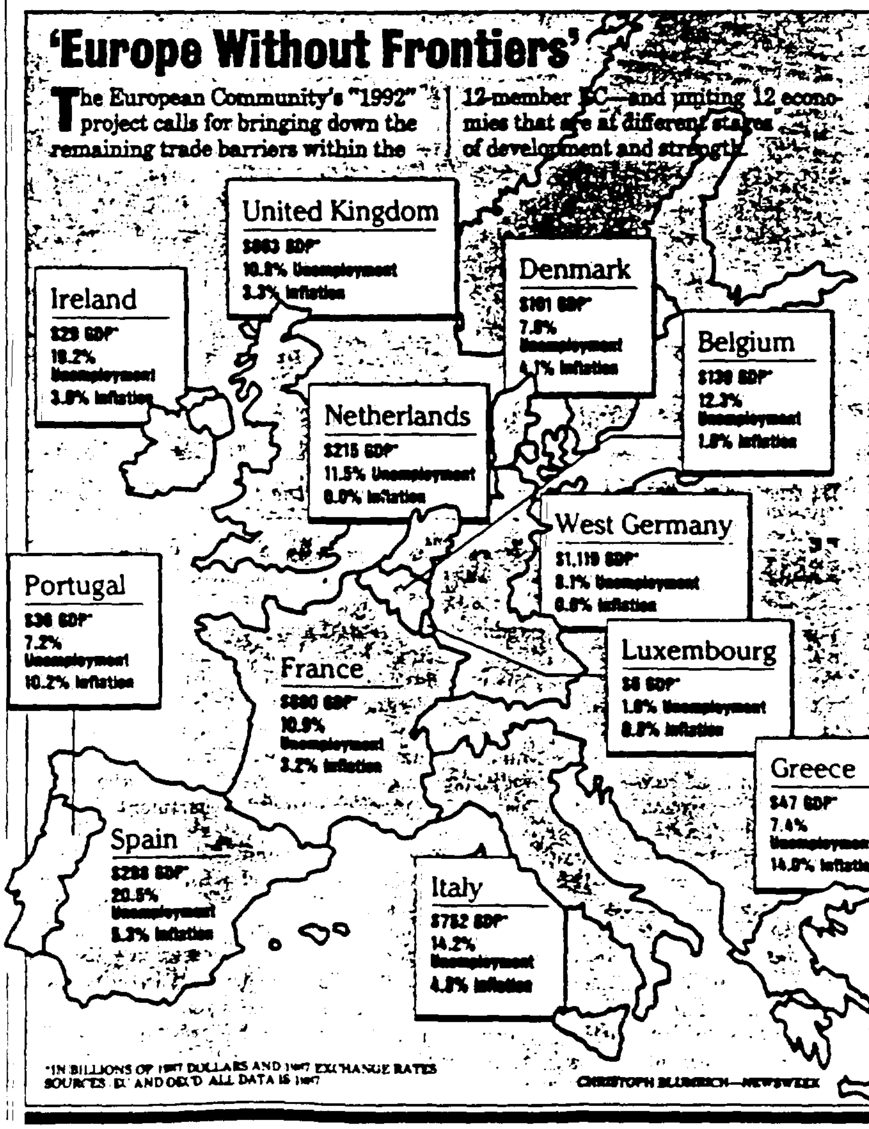
Strikes and protests: Public officials are not the only ones who object to the grand plan of 1992. West German truck drivers intend to stage strikes to protest the deregulation of their heavily protected industry—and the probable loss of some 10,000 jobs. European employers' groups are fighting plans to write a new "European company law" that would give employees a voice in major corporate decisions. Trade union leaders are lobbying against what they describe as the emergence of a "businessman's Europe," which they contend would do nothing to advance workers' rights. And the list goes on. Danish ecologists fear that their country's strict environmental legislation will be weakened to conform with a Europewide standard. British animal lovers dread the thought that once frontier barriers are down rabies and hoof-and-mouth disease may spread to the United Kingdom.

Some of the current criticism is trivial. Much of it is contradictory. And it has been countered by solid public support and enthusiasm for a new "Europe without frontiers." Every political leader of the 12 European Community nations* is committed by treaty to the 1992 project. Polls of businessmen from each of the EC countries show that the majority favor the single market. In France, 76 percent of the presidents of small- and medium-size companies are optimistic about 1992, even though they are more vulnerable to outside competition than are larger companies. "Europhoria" is still the dominant mood in the Community. But the outright hostility that some major players are showing toward parts of the package could make it impossible to achieve a single market by the deadline.

Crucial questions: Of all the critics, Thatcher is the most influential. Even though European leaders agreed nearly three years ago that they would settle most future issues by majority voting, unanimity is still required on tax issues and other crucial questions. That means that a single leader can still exercise a veto on some issues, and Thatcher has made it clear she is prepared to exercise that right. Thatcher applauds the elements of the 1992 plan that will deregulate industry and services. But she rejects those elements that she believes are

GAMMA—LIAISON

Doubts and concerns are bursting into the open: *Farmers on a protest march in Brussels*



* France, West Germany, Italy, Belgium, Netherlands, Luxembourg, Denmark, Ireland, United Kingdom, Greece, Spain and Portugal

2025865378

ers' rights is the emotional issue of health and safety standards. Danes, who take pride in having the most rigorous standards in the Community, are resisting what they see as the drift toward the lowest common denominator. They fear, for example, that supermarkets in Copenhagen may soon start stocking toys manufactured cheaply in the southern EC countries and decorated with lead paint. Last month Denmark won an important victory in the European court when the judges upheld a Danish law banning the import of soft drinks and beer in plastic bottles. That judgment seemed to indicate that a member country could protect its citizens' safety and the environment even at the cost of restraining intracommunity trade in Europe.

All that considered, the basis for most 1992 legislation is "mutual recognition of norms and standards." The general idea is that, if a certain product is manufactured in England and declared safe for English consumers, it can then be sold anywhere else in the Community. The approach follows a 1987 judgment by the European court, which struck down a 470-year-old German statute banning any additives in beer—a law that German brewers had exploited to block imports from their French competitors. Clearly, "mutual recognition" is easier than trying to bring wildly differing norms into one common standard. A high-level Community working group spent five years trying to define "white bread" before giving up and declaring that white bread was anything so designated in the country where it was baked.

SCIANNA—MAGNUM

Tax of the vine: *Harvesting grapes in France*

Bitter argument: In a single market, consumers should be the big winners. And yet consumer groups are deeply worried about what they see as a trend toward increased protectionism after 1992. Tony Venables, head of the European Consumers Union, says the Commission has recently approved "one protectionist measure after another." It plans to slap a 30-percent tax on imported videotape recorders. France

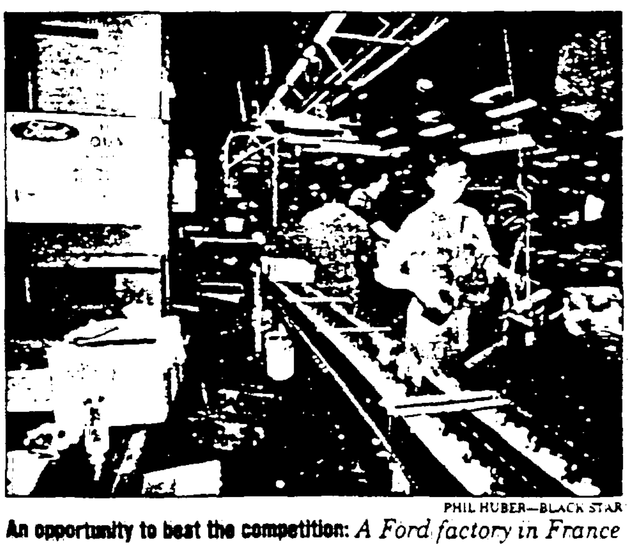
standard will help Ford cut costs and push forcefully into new markets. "We're already one of the lowest cost automobile producers in Europe, including the Japanese," says Candries. "We have 11 percent of the market now. After 1992, we'll considerably increase our share."

For every U.S. firm that's bullish on 1992, another is not. By rights, giant American Express should expect to thrive. "We've done business in Europe for 100 years," says Julian Oliver, an American Express vice president in London. "We have 10,000 employees in Europe and more than 3 million cardholders. We're thoroughly European." But being European, honorary or otherwise, is no longer enough. European Commission officials writing the 1992 regulations in Brussels speak of differing treatment for companies operating in Europe "pre-1992" and "post-1992." They talk of "reciprocity" and "transitional rules" and discuss ways to ensure that the benefits of 1992 go to Europeans and not to their foreign competitors. American Express and other U.S. financial-service conglomerates are particularly worried that they may be hurt by new rules aimed at protecting Europe's bankers. "It's a frightening prospect," says Oliver. "The European Community has not fully thought out the external implications of its 1992 regulations."

The United States would hardly be willing to dismantle its interstate banking laws to suit Europe, any more than the Japanese would promise to give European automakers a guaranteed share of their domestic car market in return for assured access to the Continent. The prospects for a post-1992 trade spat—with quotas, tariffs and import duties—are high. American multinational companies already established in Europe would suffer the fewest casualties. Small- and medium-size exporters with no European base could be hardest hit.

The sense that Europe's doors may soon slam shut has spurred something of a trans-atlantic investment rush. Major multinationals are beefing up their presence on the Continent: General Electric recently committed $1.7 billion to a new plant in Spain, and AT&T has set up its first major European office in Brusssels. Small- and medium-size American exporters also are scrambling to establish a European toehold. "With 1992 on the horizon, we're seeing a lot of new ventures, a good number of them involving relatively small companies," says Paul Pilkauskas, a commercial officer at the American Embassy in Bonn. To avoid the cost of building their own manufacturing plants, many are teaming up with European partners. Others are buying out European companies in the same line of business or licensing their products to local distributors. All are moving with one eye on the opportunities that 1992 offers—and the other eye on the threat of protectionism.

MICHAEL MEYER *in Bonn*



PHIL HUBER—BLACK STAR

An opportunity to beat the competition: *A Ford factory in France*

2025865382

anything they want in the United States, but I don't want them telling us what to do in Europe. We're not a colony, after all." The Brussels Commission does take outside criticism seriously. Last week it issued a formal policy statement saying that the single market would increase total world trade and would benefit third countries as well as EC members.

An unquestionable good: Although opposition from foreign governments is important, it is less so than the fears and reservations of the Europeans themselves. So far the vast majority of voters in the Community regard the approaching single market as an unquestionable good, like virtue or motherhood. But increasingly, individuals and groups are beginning to calculate the pounds, francs and Deutsche marks that 1992 will put in—or take out of—their pockets. As a general rule, dynamic, well-managed companies that already have considerable exports look forward to the enlarged market with optimism. Companies and professional groups that enjoy monopoly positions in their own markets and have little exporting experience are at risk. And they are beginning to recognize it.

Oddly enough, sheer size has little to do with an industry's prospects in the single market. The vast Fiat automobile company is almost certain to lose a big chunk of its domestic market share simply because it already sells six out of every 10 cars registered in Italy. Smokestack industries like steel and shipbuilding will be just as badly off in one big market as in 12 smaller ones. Germany's rich, powerful banks and insurance companies will have to step briskly to compete with their more flexible and aggressive British competitors. Shoemakers and toy makers in the southern tier of the EC could do well in 1992 if the larger market remains protectionist. But they will go under if the external borders are flung open to competition from the Third World and the newly industrialized countries.

Some professions will be certain losers. Community officials calculate, for example, that 80,000 customs officials throughout Europe will be laid off or reassigned when the borders open. German truck drivers, who have long benefited from one of the cushiest monopolies anywhere, will lose business to the go-go Dutch trucking industry. France's Balzacian corps of "notaries" are likely to lose their monopoly on executing real-estate sales and wills. If so, they will either convert themselves into humdrum real-estate agents (as many have already done) or go out of business. Duty-free shops will lose most of their charm when sales taxes are the same everywhere, and as a result, their employees face a dim future. So do the shopkeepers at Calais who have made fortunes offering bargains to day trippers from the south of England.

The most seriously threatened economies are those of Europe's Mediterranean sun belt. With some exceptions, industries in Greece, Spain, Portugal and Italy's Mezzogiorno produce lower-quality goods than do their northern competitors. They are also less efficient. Their one competitive advantage consists in lower labor costs and lower fringe benefits, and that edge will be eroded as the Community strives to harmonize working conditions and workers' rights. Paradoxically, though, it is the southern countries that have shown the most enthusiasm for a single market. Spaniards and Greeks support the 1992 idea largely because the push is accompanied by an enormous north-south transfer of "structural funds," intended to improve the south's infrastructure and nurture its promising industries. These funds are in effect a form of direct aid from the northern countries, mainly Germany, France, Belgium, the Netherlands and Luxembourg. They amounted to just under $8 billion last year, and will double to $16 billion by 1993.

Critics point out that the provision for structural funds violates the free-market principles that are supposed to be the vital foundation of the whole 1992 project. In effect, the funds amount to direct subsidies for inefficient industries in the Mediterranean south. And they are by no means the only market-distorting subsidies the EC condones. The EC's Common Agricultural Policy is built on public payments to farmers who consistently overproduce unneeded crops. Just last week, the Commission approved an injection of up to $4 billion in capital for Italy's troubled Finsider steel company—just the kind of industry that the Community's supply-side theorists say they want to see fade away. "They call 1992 an historic exercise in deregulation," says a U.S. official in Brussels. "But if you look a little closer, it's the same old pork barrel as before."

Growing opposition: Europe will not give up protectionism overnight. Nor is the Community likely to pass the 285 specific directives that compose the 1992 program by the stated deadline. Opposition to details is sure to grow stronger as the deadline date approaches. The path to the single market will be paved with sloppy compromises and missed deadlines. But it will happen. Even the most rabid opponents of various elements in the 1992 package say they support the idea of a single market. These supporters include the American and British governments and European labor and business alike. Simply put, the construction of a single European market with 320 million consumers is an idea whose time came long ago. Inevitably, one day a Europe without internal borders and customs formalities will emerge. Europe's economies need the single market to compete and survive. And it is the absolute precondition for accomplishing the ultimate European dream—the vision of a real political union that will restore Europe to a world power.

The Cost of Whisky

PRICE OF 700 ML OF WHISKY IN DOLLARS*

Denmark	$20.17
Netherlands	16.09
United Kingdom	15.86
France	12.75
West Germany	10.15
Spain	9.79
Italy	6.32

*JOHNNIE WALKER RED LABEL SCOTCH WHISKY

GRANVEAUD—COLLECTIF-JB PICTURES

Europhoria: *Cheering for the European Community*

2025865384

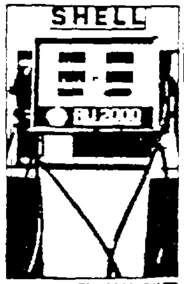
unnecessary to the building of a common market. And she derides the idea that 1992 might be a first step toward a European federation or a United States of Europe.

Thatcher contends that what she and her colleagues authorized almost three years ago was a pragmatic attack on the remaining barriers to trade and services in Europe. Nigel Lawson, Britain's Chancellor of the Exchequer, argues that, to achieve the goals of 1992, there is no need even to eliminate frontier posts, which will remain useful for catching drug traffickers and terrorists. The Commission insists that the single market would collapse if different member states continue to apply widely varying sales and value-added taxes. Thatcher replies that if sharply differing tax rates are not sustainable, "market forces" will inevitably solve the problem. As for a central Euro-bank with real powers to control exchange rates, Thatcher contends it has nothing to do with the 1992 project and should not be brought up, since it would only confuse the issue.

Thatcher's opposition to the 1992 plan enrages its proponents. The Brussels Eurocracy is proposing 285 complex regulations covering subjects that range from trade in bull semen to new rules for banks and insurance companies throughout Europe. Jacques Delors, the French socialist who heads the European Commission, is calling for even more changes, including a powerful European Central Bank and a common currency, which he contends will be needed to make the single market work.

Whatever the outcome, Thatcher has fixed the parameters of a grand European debate. She has demonstrated quite clearly that some of the proposals now up for discussion go far beyond the practical goal of a single market. The main issue as she sees it is the conflict between the sovereignty of individual nation-states and the dream—perhaps

The Cost of Gasoline



STOCK MARKET

PRICE OF A LITER OF GASOLINE IN DOLLARS	
Italy	.98
Denmark	.91
France	.79
Netherlands	.74
Spain	.66
United Kingdom	.65
West Germany	.53

CHARLES—RAPHO

The drum roll has already begun: *Checking motorists at the Franco-Belgian border*

Hard Times at a French Customs Post

Michel Bizoux is a French customs officer. He wears his navy blue uniform with obvious pride. He joined the Customs Service in 1980, at the age of 21, and wants to stay in until he retires. Five years ago Bizoux and his wife, Brigitte, built a house just a mile from his post—the Jeumont customs office on the French side of the Franco-Belgian border. But as a result of Europe's push to establish a truly common internal market, Bizoux's comfortable career there is at risk. Since 1983 the staff at Jeumont has been reduced from 37 to 20, and the once bustling post already wears a deserted look. Now Bizoux faces the unwelcome possibility of reassignment and fears that he may have to sell his home. "I've become part of the furniture around here," he says sadly.

If the European Community meets its self-imposed deadline, all of France's 21,000 customs officers will disappear from border posts by Dec. 31, 1992. Some will still be needed to shuffle paper in Paris and in provincial capitals. Others will be assigned to "mobile brigades" used to catch cross-border drug traffickers and terrorists inside French territory. But many will be forced into early retirement or assigned to dull jobs in other government departments. The drum roll has already begun. France has eliminated 350 customs jobs this year, and another 400 will be cut in 1989.

Jeumont itself looks increasingly like a relic of the past. In the post's heyday, customs officers had to keep tabs on a busy flow of cars, trucks and trains. Business began to slow down in 1972, when a new expressway from Paris to Brussels bypassed Jeumont by 22 miles. And since 1983 another customs station 14 miles distant has been responsible for all transeuropean passenger trains. But after France, Germany and the Benelux countries signed an open-borders agreement in 1985, business at Jeumont fell off sharply. The post is still open 24 hours a day, but its hours may soon be drastically cut. Three of six neighboring customs posts have already closed.

Easier border crossings will be a boon to most European travelers and businesses. But the trend represents a personal trauma for people like Bizoux and his colleagues. Even so, most French customs officers believe that they still have a future. In addition to carrying on the fight against drugs and crime, they think about the European Community's long record of missed deadlines. "The [bureaucratic] problems won't all be solved by 1992," predicts Hervé Faveret, a regional inspector of the French Customs Service. Indeed, many veteran customs officers say that they expect to be searching automobile trunks and stamping passports well into the next century.

MEGGAN DISSLY *in Paris*